

7.3 Mortgages & Amortization

Mortgage -a loan secured by the value of a real estate property
fixed vs variable

Amortization -the gradual elimination of a debt or liability
25 years

May 12-8:37 AM

Fixed rate mortgages

A fixed, competitive rate

CIBC Fixed-Rate Closed Mortgage

Terms

1, 2, 3, 4, 5, 7 or 10 year closed

Special Offer for 3 year
2.49%

Special Offer for 7 year
3.54%

[View Current Rates](#)

[Get pre-approved](#)

Unlimited prepayment options

CIBC Fixed-Rate Open Mortgage

Terms

6 month or 1 year open

[View Current Rates](#)

[Get pre-approved](#)

[Apply online](#)

Flexibility to change mortgages

CIBC Convertible Mortgage

Terms

6 month closed

[View Current Rates](#)

[Get pre-approved](#)

[Apply online](#)

Nov 23-11:13 AM

Fixed Rate Mortgages	Term	Rate
CIBC Fixed Rate Closed Mortgage The security of a fixed interest rate, so you always know exactly what your payments will be.	1 year	2.84%
	2 years	2.79%
	3 years	3.39%
	4 years	4.09%
	5 years	4.79%
	7 years	5.85%
	10 years	6.09%

Nov 23-11:13 AM

Variable Rate Mortgages	Term	Rate
CIBC Variable Flex Mortgage® A low variable interest rate with the flexibility of annual prepayments of up to 20% without paying a prepayment charge ³ .	3 years	2.70%
	5 years	2.70%
CIBC Variable Rate Open Mortgage A set monthly mortgage payment. If the CIBC Prime rate goes down, more of your payment goes to the principal. If the rate rises, more of your payment goes to interest.	5 years	4.00%

Nov 23-11:14 AM

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ole

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Pay a Mortgage

Kara recently bought her first home for \$255 000. As a first-time homebuyer, Kara can make a 5% down payment on the house and take out a mortgage for the remaining balance. Her mortgage broker found a bank offering an annual interest rate of 5.49% for a five-year fixed rate mortgage based on an amortization period of 25 years.

- Calculate the down payment and the amount to be mortgaged.
- Use a TVM Solver to determine the monthly payment.
- Calculate the total amount paid over five years.
- Calculate the total principal paid in five years.
- Calculate the total interest paid in five years.
- Calculate the approximate value of Kara's house after five years if it has an **appreciation rate** of 5% per year.

Nov 23-7:32 AM

q. 1-8 p425-437

p422

Ex.1 255 000

5 % down payment

= \$12750

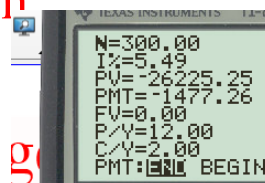
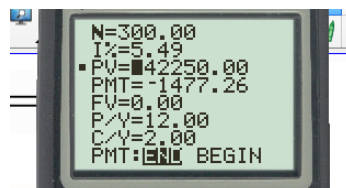
Mortgage \$242,250

 $N = 25 \times 12$

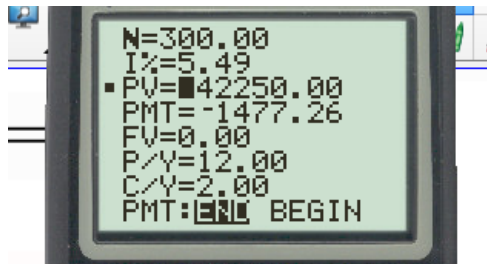
= 300

After 5 years Sum of Prn
payments of 1477.26

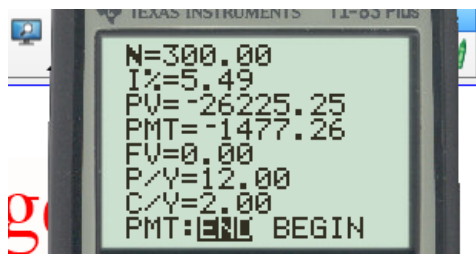
paid off \$26225.25

New Mortgage 216,024.75
(20 amortized)

May 12-8:48 AM



Nov 23-12:44 PM



Nov 23-12:42 PM

Int first 5 years
\$ 62,410.32

May 12-9:24 AM

Assign q 1,3,4,5,7 p. 425- 427

May 17-7:33 AM

Closing Question

MAP 4C

7.3

Ashley recently purchased her first home for \$225 500. She made a down payment of 10% and mortgaged the rest. She agreed to a five-year fixed term mortgage amortized over 25 years at 4.75% per year.

Calculate the down payment?

Calculate the amount of Ashley's mortgage.

Use TVM Solver to determine her monthly mortgage payment

N=

I% =

PV =

PMT =

FV =

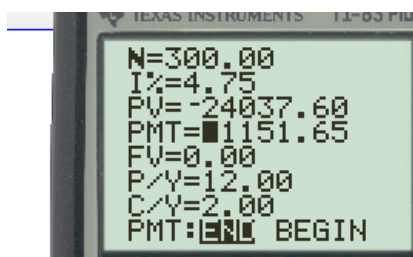
P/Y =

C/Y =

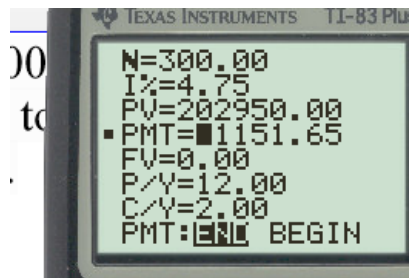
PMT = END

Determine the amount still owing after five years

May 17-7:34 AM



Nov 23-12:56 PM



$$1151.65 \times 60 = 69099.00$$

Nov 23-12:55 PM

Nov 23-12:57 PM